

Article - Estates and Trusts

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§15–208.

(a) This section applies if a fiduciary makes a deposit in a bank to the fiduciary's personal credit of:

(1) Checks drawn by the fiduciary on an account in the name of the fiduciary as fiduciary;

(2) Checks payable to the fiduciary as fiduciary;

(3) Checks drawn by the fiduciary on an account in the name of the fiduciary's principal, if the fiduciary is empowered to draw checks on the account;

(4) Checks payable to the principal of a fiduciary and indorsed by the fiduciary, if the fiduciary is empowered to indorse the checks; or

(5) Other funds held by the fiduciary as fiduciary.

(b) A bank receiving a deposit in accordance with subsection (a) of this section may not be bound to inquire whether the fiduciary is committing a breach of the obligation as fiduciary and is authorized to pay the amount of the deposit or any part of the deposit on the personal check of the fiduciary without being liable to the principal, unless the bank receives the deposit or pays the check with actual knowledge that the fiduciary is committing a breach of the obligation as fiduciary in making the deposit or in drawing the check, or with knowledge of the facts that the action of the bank in receiving the deposit or paying the check amounts to bad faith.

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